

Grade 9 EMS Worksheet

How productivity affects economic growth

Read the information below about productivity and economic growth and answer the questions that follow.

Economic growth takes place when there is an increase in the production of goods and services in an economy over a specific period of time. Productivity refers to the number of goods produced in relation to the inputs required for production. When productivity in an economy increases, it will cause economic growth. When businesses are more productive, they will also be more profitable. Higher profitability brings about economic growth.

a) If higher productivity brings about an increase in economic growth, lower productivity would lead to a decline in economic growth. Give two reasons why lower productivity leads to a decline in economic growth. [2 marks]

b) To improve productivity in a business, the business would have to ensure effective utilisation of its resources and motivate its workers to be more productive. Complete the following table by indicating strategies the business could follow to improve its productivity. An example has been filled in to help you. [2 x 3 = 6 marks]

Effective utilisation of business resources	Increased productivity of workers
Investing in latest technology	Providing incentives to workers

c) The productivity of workers can be improved by ensuring that workers have a good work ethic. What does this mean? [2 marks]

[Total: 10 marks]

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Suggested Solutions

Question number	Possible marks	Solution											
1	10	<p>a) Lower productivity causes a business to be less profitable. This means that eventually the business would have to reduce its workforce or close completely. The income of such a business is then lost to the economy, as is the income of the households who relied on the business for their salaries and wages. [2 marks]</p> <p>b)</p> <table border="1"> <tr> <td>Effective utilisation of business resources</td><td>Increased productivity of workers</td></tr> <tr> <td>Example: Investing in latest technology</td><td>Example: Providing incentives to workers</td></tr> <tr> <td>Training workers to use technology and equipment</td><td>Ensuring good work ethic among workers</td></tr> <tr> <td>Proper management of business systems</td><td>Setting targets for workers to achieve</td></tr> <tr> <td>Ensuring that the factors of production are available for production to take place</td><td>Providing skills development for workers</td></tr> </table> <p>[2 x 3 = 6 marks]</p> <p>c) Good work ethic means a person knows his/her job and has a positive, loyal attitude towards the job and employer. It includes characteristics such as honesty, integrity and accountability. [2 marks]</p>		Effective utilisation of business resources	Increased productivity of workers	Example: Investing in latest technology	Example: Providing incentives to workers	Training workers to use technology and equipment	Ensuring good work ethic among workers	Proper management of business systems	Setting targets for workers to achieve	Ensuring that the factors of production are available for production to take place	Providing skills development for workers
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